

## Message Text

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17

ACTION TRSE-00

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 L-03 PA-01 PRS-01 /060 W

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P 201016Z AUG 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC PRIORITY 2237

C O N F I D E N T I A L BONN 13473

DEPARTMENT PASS TREASURY FOR SPRINGBORN AND LISTER

E.O. 11652: GDS

TAGS: EFIN, GW

SUBJECT: SALE OF GERMAN BONDS TO FOREIGNERS

REF: (A) LISTER/HERMBERG TELECON, (B) BONN 15656 OF  
OCTOBER 3, 1974

1. FINANCE MINISTRY TELLS US THAT AT LEAST FOR THE TIME BEING PREVIOUS PLANS HAVE BEEN DROPPED TO MODIFY OR ABOLISH THE PRESENT LICENSING REQUIREMENTS FOR THE SALE TO FOREIGNERS OF GERMAN BONDS WITH A MATURITY OF LESS THAN 4 YEARS. LICENSING BY THE BUNDESBANK WILL CONTINUE TO BE REQUIRED. IN PRACTICE THIS HAS MEANT NEAR PROHIBITION SINCE LICENSES ARE RARELY GRANTED. THE GERMAN AUTHORITIES SEE THIS LICENSING REQUIREMENT AMONG OTHER THINGS AS A COMPLEMENT TO PROVISIONS IN THE CENTRAL BANK LAW AUTHORIZING THE BUNDESBANK TO LEVY HIGHER RESERVE REQUIREMENTS ON DEPOSITS OF FOREIGNERS THAN ON DEPOSITS OF RESIDENTS.

2. THE FRG IS GOING AHEAD WITH THE ABOLITION OF THE PROHIBITION AGAINST INTEREST PAYMENTS ON DEPOSITS OF FOREIGNERS WITH GERMAN BANKS.

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3. REPORTS THAT THE FRG IS CURRENTLY PLACING

OR ABOUT TO PLACE TREASURY NOTES ABROAD ARE WITHOUT  
SUBSTANCE. IT CONTINUES TO BE TRUE THAT SUCH NOTES  
(SCHULDSCHEINE) ARE NOT COVERED BY THE PROHIBITION OF  
SALE TO FOREIGNERS OF FIXED INTEREST SECURITIES WITH  
LESS THAN 4 YEARS MATURITY SINCE UNDER GERMAN LAW THEY  
TECHNICALLY ARE NOT CONSIDERED AS SECURITIES (SEE BONN  
15656 OF OCT. 3, 74). THE FEDERAL GOVERNMENT FOR THE  
TIME BEING CONTINUES TO ADHERE TO ITS POLICY OF NOT  
ALLOWING THEM TO BE RESOLD TO FOREIGNERS BY MEANS OF A  
SPECIAL STAMP ON THE SCHULDSCHEIN. THE FEDERAL GOVERN-  
MENT DOES NOT EXCLUDE THE POSSIBILITY, HOWEVER, THAT  
AT SOME FUTURE TIME IT MAY SELL SOME SUCH SCHULDSCHEINE  
TO FOREIGNERS IF THE NEEDS OF FEDERAL FINANCING SHOULD  
MAKE THIS DESIRABLE. REMARKS TO THIS EFFECT BY FEDERAL  
OFFICIALS IN A PRESS CONFERENCE AFTER THE LAST CENTRAL  
BANK COUNCIL MEETING MAY HAVE GIVEN RISE TO REPORTS  
THAT THE FRG IS ALREADY DOING THIS OR ABOUT TO DO THIS.  
SUCH REPORTS ARE INCORRECT, HOWEVER.  
CASH

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** GOVERNMENT BONDS, BANK NOTES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 20 AUG 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** greeneet  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Errors:** N/A  
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**Original Previous Classification:** n/a  
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**Previous Classification:** CONFIDENTIAL  
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**Status:** NATIVE  
**Subject:** SALE OF GERMAN BONDS TO FOREIGNERS  
**TAGS:** EFIN, GE  
**To:** STATE  
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